

SAMPLE PROPOSAL

**THIS IS A SHORT, SIMPLIFIED SAMPLE OF AN INDIRECT
COST PROPOSAL. IF YOU WOULD USE THIS TYPE OF FORMAT,
THE OFFICE OF INSPECTOR GENERAL COULD EXPEDITE THE
NEGOTIATION OF YOUR FIXED CARRYFORWARD
INDIRECT COST RATE.**

**Information and examples used in this proposal
are all fictitious and represent no particular Native American Organization.**

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**NATIVE AMERICAN ORGANIZATION
INDIRECT COST RATE PROPOSAL
FOR THE PERIOD JANUARY 1, 2001, THROUGH DECEMBER 31, 2001**

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**NATIVE AMERICAN ORGANIZATION
INDIRECT COST RATE PROPOSAL
FOR THE PERIOD JANUARY 1, 2001, THROUGH DECEMBER 31, 2001**

INTRODUCTION

The Native American Organization has received an indirect cost rate from the Department of the Interior since fiscal year (FY) 1992. This proposal is based upon estimated budgets for all programs to be administered by the Native American Organization during the period January 1, **2001**, through December 31, **2001**. All Federal, State, and Native American programs have been included in the proposal.

We have also included audited financial statements for all programs and the indirect cost pool for FY 1999. Using the FY 1999 figures, we determined that the Native American Organization had an actual overrecovery of \$17,521 on Federal and non-Federal programs. This actual overrecovery was included in our computation of the proposed FY **2001** fixed carryforward rate of 13.2 percent.

The individuals to contact in regard to this proposal are:

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**NATIVE AMERICAN ORGANIZATION
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CERTIFICATE OF INDIRECT COSTS

This is to certify that I have reviewed the indirect cost proposal submitted herewith and that to the best of my knowledge and belief:

(1) All costs included in this proposal [identify date] to establish billing or final indirect costs rate for [identify period covered by rate] are allowable in accordance with the requirements of the Federal agreement(s) to which they apply and the cost principles applicable to those agreements, including OMB Circular A-87, "Cost Principles for State, Local, and Indian Tribal Governments."

(2) This proposal does not include any costs that are not allowable under applicable cost principles, such as (without limitation): Advertising and public relations costs, entertainment costs, fines and penalties, lobbying costs, and defense and prosecution of criminal and civil proceedings.

(3) Any costs excluded from this proposal, such as Tribal enterprises, gaming operations, and Tribal schools and programs, including all or portions of the general fund, are separately administered and do not benefit from Tribal administration included in the indirect cost pool.

(4) All costs included in this proposal are properly allocable to Federal agreements on the basis of a beneficial or causal relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable requirements. Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently.

I declare under penalty of perjury that the foregoing is true and correct.

Signature

Print Name

Title

Native American Organization

Date Signed

**NATIVE AMERICAN ORGANIZATION
INDIRECT COST RATE PROPOSAL
FOR THE PERIOD JANUARY 1, 2001, THROUGH DECEMBER 31, 2001**

ACCOUNTING SYSTEM DESCRIPTION

The Native American Organization has a double-entry, accrual system of accounting. Separate journals and ledgers are maintained for each individual program in the direct cost base. A separate journal and a general ledger are also maintained for the indirect cost pool.

NOTE: THIS CERTIFICATION IS REQUIRED ONLY FOR NEW NATIVE AMERICAN ORGANIZATIONS IN THEIR FIRST AND SECOND YEARS OF INDIRECT COST PROPOSAL NEGOTIATIONS.

ACCOUNTING CERTIFICATION

We have reviewed the bookkeeping and accounting system of the Native American Organization and the related internal controls to determine if the systems and controls in effect are in compliance with the standards set forth in Title 25, Chapter 1, of the Code of Federal Regulations, Part 276.7.

The system and controls are to provide for:

1. Accurate, current, and complete disclosure of the financial results of each contract and/or grant program in accordance with Federal reporting requirements.
2. Records which identify adequately the source and application of funds for each contract and/or grant program.
3. Effective control over, and accountability for, all contract and/or grant or subgrant funds and real and personal property acquired with grant or subgrant funds.
4. Comparison of actual costs with budgeted amounts for each contract and/or grant or subgrant.
5. Procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and the disbursement by the grantee.
6. Procedures for determining the allowability and allocability of costs with the applicable cost principles.
7. Accounting records that are supported by source documentation.
8. A systematic method to assure timely and appropriate resolution of audit findings and recommendations.

Based on our review, we hereby certify that the financial system meets the requirements of the above stated regulations.

CPA's Signature and Date

Note: All eight areas must be tested for reliability by the licensed accountant. Compliance is not determined only by the ability of the system, but also by the fact that personnel are operating it to meet the above standards. Any exception to the above should be so noted.

**NATIVE AMERICAN ORGANIZATION
INDIRECT COST RATE PROPOSAL
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POLICY STATEMENT ON DIRECT VERSUS INDIRECT COSTS

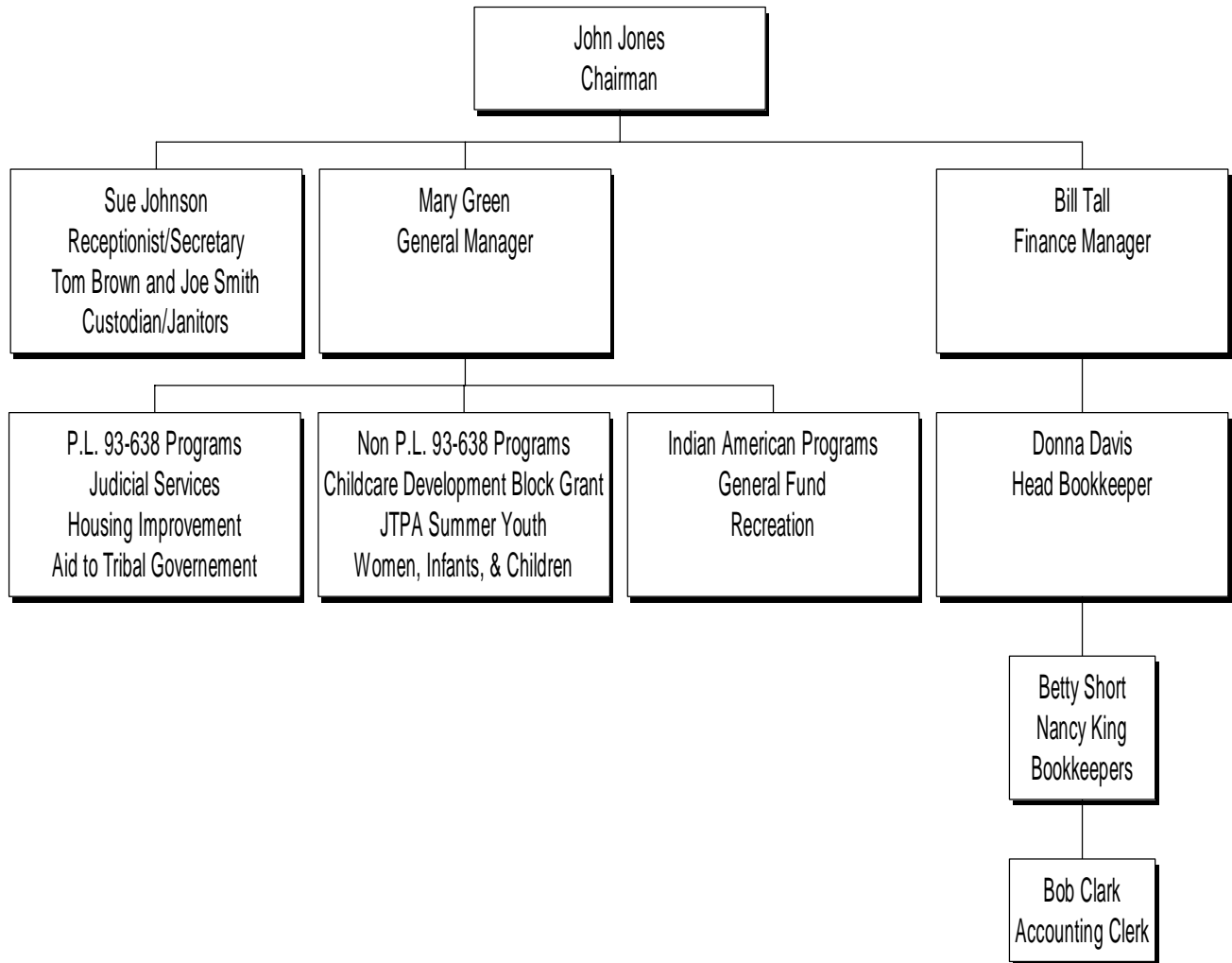
Direct costs consist of those costs that can be readily identified as a direct contract/grant cost and addressed as benefiting a particular cost objective.

The following indirect costs incurred for the operation of the administration of the [Native American Organization] have been classified as indirect costs in accordance with the standards for indirect costs as described in Circular A-87 issued by the Office of Management and Budget. For reasons itemized below, these costs have been determined to comply with the above stated criteria and are therefore to be consistently charged as indirect costs within the funding formulas determined by the cognizant agencies. All items listed below have been determined to benefit more than one cost objective and are not readily allocable to benefiting programs.

1. Salaries paid to the administrative staff of the [Native American Organization].
2. Fringe benefits, including payroll taxes and medical insurance for the administrative staff.
3. Travel, including meals, lodging, and transportation costs for indirect personnel conducting Tribal business that is of an indirect nature (i.e., the benefit is not directly related to one program, but instead benefits many programs). Per diem follows the guidelines established for the Federal Government by GSA.
4. Insurance costs for the general umbrella policy and the fidelity bond of the Organization.
5. Office supplies, including office supplies that cannot be specifically identified with a particular grant.
6. Telephone and utilities.
7. Consultants, including attorney fees, audit fees, and preparation of the indirect cost proposal.
8. Repairs and maintenance of the Organization facilities that are utilized by programs and grants.

Other indirect costs may be included in the administration of the indirect cost pool. Costs included in the indirect cost pool may not be limited to the above list; however, they are the only such costs foreseen at this time. Each cost is examined for compliance with prescribed criteria before being classified as an indirect cost.

**American Indian Organization
Organizational Chart
CY 2001**



**NATIVE AMERICAN ORGANIZATION
CY 1999 CARRYFORWARD AND CY 2001 RATE COMPUTATIONS**

	FY 1999		FY 2001
	(FY 1999 Negotiated Costs)		(FY 2001 Budgeted or
	Per FY 99 Rate Agreement)		Actual Costs)
Fixed Carryforward Rate Computation	16.1%		13.2%
A. Indirect Cost Pool:			
Indirect Costs	\$96,000		\$115,285
CY 1997 Overrecovery Carryforward to CY 1999	(2,000)		
CY 1999 Overrecovery Carryforward to CY 2001 (page 8)			(17,521)
Indirect Cost Pool	\$94,000		\$97,764
B. Direct Cost Base:	\$574,000		\$740,000
C. CY 1999 Actual Costs Incurred:			
(CY 1999 actual costs reconcilable to CY 96 audited financial statements)			
Actual Direct Cost Base		\$574,000	
Actual Indirect Costs		\$90,587	
CY 1997 Overrecovery Carryforward to CY 1999 (above)		(2,000)	
Actual Indirect Cost Pool		\$88,587	
Actual Indirect Cost Rate (For Comparison With Negotiated Rate)		15.4%	

CY 1999 Carryforward Computation
(Not needed for 1st and 2nd year proposals)

	1	2	3	4	5		6	7
			CY 1998					
	CY 1999	%	Indirect	Indirect	Indirect			
	Actual Direct	of	Cost	Rate @	Costs			
Programs	Costs	Total	Pool	16.1%	Recovered		Shortfall	Carryforward
BIA (638)	\$289,325	31.5%	\$27,914	\$46,581	\$28,240		\$0	(\$326)
IHS (638)	160,000	17.4%	15,432	25,760	25,760		0	(\$10,328)
HHS (Non-IHS)	35,000	3.8%	3,375	5,635	4,830		0	(\$1,455)
Agriculture	0	0.0%	0	0	0		0	0
Education	0	0.0%	0	0	0		0	0
HUD	0	0.0%	0	0	0		0	0
Justice	0	0.0%	0	0	0		0	0
Labor	365,000	39.8%	35,213	58,765	18,515		16,698	0
Transportation	0	0.0%	0	0	0		0	0
State	44,000	4.8%	4,243	7,084	9,655		0	(\$5,412)
City/County	0	0.0%	0	0	0		0	0
Private	0	0.0%	0	0	0		0	0
Tribal	25,000	2.7%	2,410	4,025		2/		
Total	\$918,325	100.0%	\$88,587	\$147,850	\$87,000		\$16,698	(\$17,521)
			1/				3/	
Check Figures			88,587					

1/ This column is based on the percentage of direct costs incurred for each program. Since only the total actual indirect costs were reported, a portion of the total was allocated to each program based on the percentage of direct costs incurred for each program. (CY 1999 Pool = CY 1999 actual indirect costs +/- CY 1997 carryforward)

2/ Over or underrecovery from Tribal accounts is internal and therefore not included in the carryforward computation.

3/ Program shortfalls are reported to the respective granting agencies.

Note: The amount shown as Indirect Costs Recovered is based on the Tribe's audited financial statements.

		NATIVE AMERICAN ORGANIZATION CY 1999 ACTUAL DIRECT COST BASE								
			EXCLUSIONS							
		Total CY 99								Indirect
		Expenditures					Directly		CY 1999	Costs
Public Law		Per Financial	Capital		Passthrough	Unallowable	Funded	Indirect	Direct Cost	Recovered
Reference	Programs by Funding Agency	Statement	Equipment	Subcontracts	Funds 1/	Costs 2/	Indirect 3/	Costs	Base	Per Audit
	Department of Interior:									
	Bureau of Indian Affairs-									
93-638	Judicial Services	30,000							30,000	4,830
93-638	Housing Improvement	150,000		60,000					90,000	10,530
93-638	Aid to Tribal Government	109,325					29,325		80,000	12,880
	Department of Health and Human Services:									
	Indian Health Service-									
93-638	CHS	100,000							100,000	16,100
93-638	Alcohol and Drug	60,000							60,000	9,660
	Department of Health and Human Services:									
	Non-Indian Health Service-									
Non 93-638	Adult Education	35,000	5,000						30,000	4,830
	Department of Labor:									
Non 93-638	JTPA Summer Youth	365,000			250,000				115,000	18,515
	State, County, City, or Private Programs:									
Non 93-638	WIC	44,000							44,000	9,655
	Tribal Programs:									
Tribal	General Fund	108,587						90,587	18,000	0
Tribal	Enterprise Fund-Recreation	7,000							7,000	0
	Total Expenditures	\$1,008,912 *	\$5,000	\$60,000	\$250,000	\$0	\$29,325	\$0	\$574,000	\$87,000

The excluded amounts go straight to the reconciliation schedule on page 12

Footnotes: 1/ Passthrough funds include scholarships, stipends, direct assistance payments, payments to participants, etc.
2/ Unallowable costs include donation, interest and debt service, penalty, lobbying costs, etc.
3/ Directly funded indirect costs are indirect in nature but directly funded by the program.
* Total expenditures must tie to audited financial statements.

		NATIVE AMERICAN ORGANIZATION CY 2001 DIRECT COST BASE							
			EXCLUSIONS						
							Directly	Other	
							Funded	Exclusions	CY 2001
Public Law		CY 2001	Capital		Passthrough	Unallowable		(Please	Direct Cost
Reference	Programs by Funding Agency	Expenditures	Equipment	Subcontracts	Funds 1/	Costs 2/	Indirect 3/	Specify)	Base
	Department of Interior:								
	Bureau of Indian Affairs-								
93-638	Judicial Services	110,000	50,000						60,000
93-638	Housing Improvement	175,000		75,000					100,000
93-638	Aid to Tribal Government	90,700					20,700		70,000
93-638	Native American Child Welfare	35,000							35,000
	Department of Health and Human Services:								
	Indian Health Service-								
93-638	CHS	150,000							150,000
93-638	Community Health Dev.	70,000							70,000
	Department of Health and Human Services:								
	Non-Indian Health Service-								
Non 93-638	CDBG	50,000							50,000
	Department of Labor:								
Non 93-638	JTPA Summer Youth	420,000			300,000				120,000
	State, County, City, or Private Programs:								
Non 93-638	WIC	55,000							55,000
	Tribal Programs:								
Tribal	General Fund	20,000							20,000
Tribal	Enterprise Fund-Recreation	13,000	3,000						10,000
	Total Expenditures	\$1,188,700	\$53,000	\$75,000	\$300,000	\$0	\$20,700	\$0	\$740,000

Footnotes: 1/ Passthrough funds include scholarships, stipends, direct assistance payments, payments to participants, etc.
2/ Unallowable costs include donation, interest and debt service, penalty, lobbying costs, etc.
3/ Directly funded indirect costs are indirect in nature but directly funded by the program.

**NATIVE AMERICAN ORGANIZATION
INDIRECT COST POOL**

	CY 2001	CY 1999	
	Proposed	Actual	
	Indirect	Indirect	
Title/Description	Costs	Costs	Remarks
Salaries:			
Tribal Chairperson (50%)	\$6,500	\$6,175	Other 50% is excluded (general government)
Finance Manager	15,000	14,000	No substantial increase
Head Bookkeeper	12,000	11,500	No substantial increase
Bookkeepers (2)	18,000	16,000	No substantial increase
Accounting Clerk	10,400	9,750	No substantial increase
Receptionist/Secretary	10,000	0	Position was funded by ATTG in FY 1999
Custodian/Janitor (2)	14,000	8,000	One Janitor was added in FY 2001
Subtotal Salaries	85,900	65,425	
Fringe Benefits on the Above Salaries	12,885	9,787	Increase due to increase in salaries
Audit	5,000	4,500	No substantial increase
Office Supplies	1,000	1,000	No substantial increase
Postage & Freight	900	900	No substantial increase
Telephone	2,000	1,800	No substantial increase
Utilities	5,000	4,700	No substantial increase
Travel	500	500	No substantial increase
Printing & Duplicating	1,800	1,675	No substantial increase
Council Costs (50%)	300	300	Other 50% is excluded (general government)
Total Indirect Costs	\$115,285	\$90,587	

**NATIVE AMERICAN ORGANIZATION
RECONCILIATION OF FINANCIAL STATEMENTS COSTS
TO INDIRECT COST PROPOSAL
FOR THE PERIOD ENDED DECEMBER 31, 1999**

Costs Per Audited Financial Statements			
Costs per:	General Fund		\$169,874
	Special Revenue Fund		700,383
	Enterprise Fund		138,655
	Total Costs to be Accounted For		<u>\$1,008,912</u>
Costs Per Indirect Cost Proposal (Actual)			
	Direct Costs Base		\$574,000
	Indirect Cost Pool		90,587
			<u>664,587</u>
Add Costs Eliminated from the Proposal:			
	Capital equipment	\$5,000	
	Subcontracts	60,000	
	Passthrough funds	250,000	
	Unallowable costs	0	
	Directly funded indirects	29,325	
	Other exclusions	<u>0</u>	
Total Elimination			344,325
Total Costs Accounted For			<u>\$1,008,912</u>
Difference (please explain if any)			<u>0</u>

Note: A reconciliation of actual costs (carryforward year), as stated in the proposal, with total costs in the audited financial statements should be completed as part of the proposal.

**NATIVE AMERICAN ORGANIZATION
INDIRECT COST PERSONNEL JUSTIFICATIONS
FOR THE PERIOD JANUARY 1, 2001, THROUGH DECEMBER 31, 2001**

In determining the allowable share of the Native American Government costs identified with administering programs, the finance manager reviewed 6 months of current time, attendance records, and minutes of the Tribal council. This review shows that 50 percent of the Government's effort is spent administering programs. Conversely, 50 percent of the Government's effort is spent discharging political and other responsibilities.

The following account of each position should provide the necessary justification to fund administrative costs through the indirect cost pool for fiscal year 2001.

CHAIRPERSON: The Chairperson is the Chief Executive Officer of the American Indian Government. Although duties vary, the Chairperson is responsible for representing the Organization in negotiations of grants/contracts, coordinating the direction of the Organization, and, in general, meeting constituent needs. Therefore, 50 percent of the chairperson's time is applicable and chargeable to indirect costs.

FINANCE MANAGER: This position handles the business activities of the Native American Organization. The goals and objectives of the Government are to develop local business resources and provide more unrestricted revenue sources to the Tribal Treasury. This position will coordinate this activity. Since the Finance Manager is responsible for the business department and involved in program business activities, the Finance Manager's time is chargeable to administrative costs.

HEAD BOOKKEEPER: The head bookkeeper plans, organizes, directs and coordinates the office's administrative support functions of the Native American Organization. Specifically, the Head Bookkeeper provides general management and administration for the Organization's billing and collection system, personnel, accounting, customer service, records maintenance and related office support services. In addition the Head Bookkeeper assists in budget preparation and monitors and controls administrative costs.

BOOKKEEPERS: These positions are responsible for maintaining the books of entry for all programs and ensuring that the financial system is kept current. Specifically, the Bookkeepers perform accounting work of a technical nature and assist in the financial operation of the Organization. Major duties include maintenance of accounts payable, receivable, cash disbursements and the general ledger and reconciliation of bank statements and monthly financial reports, as necessary, for the General Manager.

ACCOUNTING CLERK: This position is part of the centralized accounting department of the Organization. The accounting clerk is responsible for distributing payroll for all programs and ensuring that the proper reports and records are kept current. This position also assists with accounts payable.

RECEPTIONIST/SECRETARY: This position is part of the administrative department and provides secretarial services, maintains contact with all levels of management, and establishes cooperative working relationships. This position involves high-volume contact with all program staff and governmental agencies, including Tribal, Federal, State, and Local entities. All of the Receptionist/Secretary's time is applicable and chargeable to indirect cost.

JANITORS: The cleaning services and maintenance provided by these positions serve all programs equally. Therefore, the costs associated with these positions are determined to be indirect.